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NOTES

PROGRESS OF THE MINIMUM WAGE IN ENGLAND

Advocates of the minimum wage in this country have been awaiting anxiously some authoritative statement as to the results of English experience with the minimum-wage policy as formulated in the Trade Boards act of 1909. And now that testimony is coming to us in the form of Blue Books and from a source so much respected as the Board of Trade, it seems worth while to examine the evidence presented.¹ Three of these official reports² that have come in within the last year and a half deal with the attempt to extend the act to new trades and contain some valuable testimony from various Board of Trade officials regarding the effect of the act in the trades to which it was first applied, the policy of the Board of Trade with regard to the extension of the act to new trades, and the attitude of employers in the trades to which the act has been applied as well as in the trades to which an extension is proposed.³

¹ Professor John Bates Clark, writing in September, 1913, on the subject of the minimum wage, said, "Practical tests of the proposed policy are now in progress in Australia, New Zealand, in England, and in our own state of Massachusetts, and the results of these trials will be carefully watched."—*Atlantic Monthly*, CXII, p. 290. The trade boards of Australia have been "in progress" for seventeen years, and both the British and the American governments have published reports concerning these experiments, if they may still be said to be in the experimental stage. The working of the new Trade Boards act in England has, however, been regarded as much more important than the Australian, from the American point of view, since our economic situation is more like that of England than of Australia. Economic literature dealing not with the theory of the minimum wage, but with the working of the Trade Boards act in England, should therefore be followed with interest in this country.

² *Memoranda in Reference to the Working of the Trade Boards Act.* H.C. 134 (London, 1913). Pp. 28.

Special Report from the Select Committee on the Trade Boards Act Provisional Orders Bill: Together with the Proceedings of the Committee and the Minutes of Evidence. H.C. 209 (London, 1913). Pp. vi+61.

Report and Special Report from the Select Committee on Trade Boards Act Provisional Order Bill: Together with the Proceedings of the Committee, Minutes of Evidence, and an Appendix. H.C. 317 (London, 1914). Pp. vi+194.

³ It should, perhaps, be explained briefly that the Trade Boards act which came into operation more than five years ago (January 1, 1910) provided for the establishment of trade boards to fix minimum rates of wages in four trades: (1) ready-made

The first of the three parliamentary papers referred to (*Memoranda in Reference to the Working of the Trade Boards Act*) was issued from the Board of Trade to support the Provisional Order bill, which proposed in May, 1913, that is, within three and a half years after the passage of the act, to extend the provisions of the act to five new trades.

In this document, which was submitted by Sir H. Llewellyn Smith, permanent secretary of the Board of Trade, some of the substantial results achieved in the establishment of minimum rates in the various trades are noted. At the time of the publication of this first report, the following minimum time rates per hour had been fixed: in the chain-making trade, women 5 cents, men 10 to 14 cents; in the lace-finishing trade, women $5\frac{1}{2}$ cents, no rate for men; in box-making, women 6 cents (Great Britain) and $5\frac{1}{2}$ cents (Ireland), men 12 cents; tailoring, women $6\frac{1}{2}$ cents (Great Britain) and men 12 cents; tailoring (Ireland), rates not yet fixed. The comment on these rates is of interest: "The above rates are, of course, *minimum rates*, and in practice many work-people are paid at higher rates, but all are protected from payment at lower rates with the exception of a small number of workers to whom permits have been granted" (H.C. 134, p. 6). It was estimated that 200,000 work-people were affected by the act, of whom 70 per cent were women and girls. It was estimated also that the proposed extension of the act would bring from 150,000 to 200,000 additional persons under the act, the scope of which would therefore be approximately doubled.

With regard to the ultimate success or failure of the act, the Board of Trade very wisely refrained from making any prophecies, and the report pointed out that, since the act had at that time been in operation for barely three years and a half, and a considerable portion of this time had necessarily been spent in the preliminary work of establishing the

and wholesale bespoke tailoring and any other branch of tailoring in which the Board of Trade considers that the system of manufacture is greatly similar to that prevailing in the wholesale trade; (2) the making of boxes or parts thereof made wholly or partially of paper, cardboard, chip, or similar material; (3) machine-made lace and net finishing and mending or darning operations of lace curtain finishing; (4) hammered and dollied or tommied chain-making. It was provided, however, that the act could not be extended to new trades without a provisional order which would come before Parliament for adoption. For a history of the Trade Boards act, methods of organizing trade boards, etc., see an article by Miss Constance Smith, of London, in the *Journal of Political Economy*, July, 1914, pp. 605-30.

¹ The number of permits authorized up to date was given as follows: in lace-finishing, 2; in box-making (Great Britain), 23; in tailoring (Great Britain), 95; the three other boards had granted no permits.

trade boards, "it would appear to be premature . . . to attempt to give an account of the ultimate effects of the act on the trades to which it has been applied" (*ibid.*, p. 7).

In the minutes of evidence taken before the Select Committee of the House of Commons in the summer of 1913 some more positive testimony regarding the working of the act is to be found. Thus Mr. Stapylton Barnes, one of the secretaries of the Board of Trade, said in testifying:

I think you may take it that as a whole the working of the Trade Boards act has been successful beyond what anybody imagined possible. The employers as a whole are, I think, satisfied, and the workers are satisfied. I believe that the employers as a whole are anxious to pay rather higher wages than they have been paying in some cases in the past, provided that they are protected against other employers undercutting them (H.C. 209, p. 7).

Similarly, Mr. J. D. Fitzgerald, counsel for the Board of Trade, stated:

It has not been the experience in previous cases that the establishment of a Trade Board has injured the trade or industry; on the contrary, you will find by the evidence to be given to you that both employers and employed have found that the Trade Boards have been extremely useful, and that no injury has been done to the trade (*ibid.*, p. 4).

The most significant fact relating to the attitude of the employers was that, although the provisional order of May 1, 1913, had extended the act to five additional trades—sugar, confectionery, and food preserving; shirt-making; hollow-ware making; linen and cotton embroidery; calendering and machine ironing in steam laundries—four of the five orders were unopposed. There was, therefore, no opposition from the employers to the extension of the act, except in the single case of the laundry industry. In the hollow-ware trade it was said that inquiries made by the Board of Trade showed "a very general agreement as to the conditions of the trade and the need," and that "both the employers and workers thought that a Trade Board was desirable; the employers because they wished to be secure against other employers undercutting them, and the workers because they wished to retain the fruits of their strike" (H.C. 209, p. 12). (In this trade the women had struck for a wage of ten shillings a week.)

In the shirt trade, we are told that the employers "conferred with their fellow-manufacturers in the tailoring trade [where the act was already in force] and found that the tailoring manufacturers were extremely well satisfied and consequently the shirt manufacturers accepted the proposal" (*ibid.*, p. 14). In the embroidery trade the investigators for the Board of Trade had "had communications with

employers and workers and their report says that the employers were eager or anxious to have a Trade Board" (*ibid.*, p. 15).

In the case of jam-making and confectionery the Board of Trade had made "a very large number of individual inquiries amongst employers," and had received a deputation from the trade organizations, but after they had discussed the definition the employers "were fully satisfied" (*ibid.*, p. 10), and the result was that they did not oppose the new order.

By way of summary, then, the evidence showed with regard to four of the new trades scheduled that the employers as well as the workers in the industry had been fully informed with regard to the proposal to extend the Trade Boards act to their respective trades and that in two of the trades (the shirt trade and "confectionery and preserving") deputations of the employers had waited on the Board of Trade to discuss the proposed extension and had been satisfied to let it proceed; in the two other trades (hollow-ware and embroidery) the employers had been willing to let the provisional order stand without asking any questions. It was noted that in two of the four trades the action of the Board of Trade had "brought the employers much closer together" and had "led to better organization of the employers" (*ibid.*, p. 15).

When the representative of the Board of Trade was asked whether they had had any communication from employers "stating that they would be glad to give higher wages if they could be protected against cutting competition," the reply was that although the suggestions for scheduling new trades had come mainly from work-people rather than from employers, it was noted that "since these trades have been scheduled we have had communications from a large number of employers that they would like their particular trade put in" (*ibid.*, p. 8).

Unfortunately, in the laundry trade, the only one in which the order was opposed, the Board of Trade lost its case. The Committee of the House, after hearing the evidence given by the representatives of the Board of Trade and the representatives of the laundries, voted unanimously that it could not confirm the fifth order, although with regard to the four unopposed orders the committee reported that they were "properly drawn and for the public interest."¹

In the case of the laundry trade, the first unsuccessful provisional order had included, not the whole trade, but only two branches ("calendering and machine ironing in steam laundries"). The parliamentary

¹ It may be noted that these provisional orders have, of course, already gone into effect, and there are now eight trades under the act.

committee rejected the order because it applied only to steam laundries instead of to all laundries using power. The Board of Trade therefore in the following year issued a new provisional order (May 21, 1914) which, in order to meet the objections raised by the committee at the first hearing, applied to "calendering and machine ironing" in all laundries. But after another hearing in which the representatives of the Board of Trade were challenged at every point by the representatives of the laundry owners, the committee again rejected the provisional order, this time on the ground that the evidence presented to it was insufficient to justify it in confirming the order; it further recommended that "any order relating to the laundry trade which may hereafter be applied for should, if possible, be of somewhat wider application."

The story of these two unsuccessful attempts to bring the laundry industry under the provision of the Trade Boards act is told in the minutes of evidence presented in the hearings on the two proposed orders. The first objection raised by the laundry owners and the one that seems to have had most weight with the committee was that the Board of Trade did not possess sufficient information regarding the rate of wages in the laundry industry to justify the issuing of the order.

The point is of special interest since it raises the whole question of the procedure involved in extending the Trade Boards act. The representatives of the Board of Trade explained that they were continually receiving suggestions as to trades that ought to be brought under the act and they had a "mass of information" under consideration, out of which were selected the cases of trades that wanted the earliest treatment (H.C. 209, p. 11). Mainly, however, they had relied upon the wage census of 1906. The Board of Trade compared the wages earned in all trades and chose for consideration those trades in which wages were lowest (*ibid.*, p. 26). The five trades scheduled were selected from a much larger number under consideration because the Board of Trade "recognizes . . . that it is necessary to proceed with great caution in the matter" (*ibid.*, p. 8).

To a question by counsel for the laundry owners as to whether or not there had been any public inquiry before scheduling the trades, the reply was that the provisional orders were made upon *prima facie* evidence in the possession of the Board of Trade. After the provisional orders were issued, those who were affected could object if they wished and there would be a public inquiry through a parliamentary committee —that is, "the order is made first and the inquiry comes afterwards" (H.C. 209, p. 26).

It was objected that the information on which the order was based, i.e., the wage census of 1906, was obsolete and not reliable for the purpose. The Board of Trade, however, made two points regarding the 1906 figures: first, that these figures had been tested in 1912 by finding out what was offered at the Labor Exchanges in London and that no evidence was found which indicated that the worst-paying laundries were paying any better rates than in 1906, although it was evident that wages in some occupations in some laundries had risen; second, that a wage census of the laundry industry had not been undertaken, since it was believed that an *ad hoc* inquiry with regard to wages was impracticable; "we either get the information denied or get information which is not as accurate as it might be" (H.C. 317, p. 9). Thus Miss Collet, senior investigator of women's industries, who was called as a witness, pointed out that the Board of Trade had no compulsory powers for making such an inquiry and, if one had been attempted, returns would have been received only from the people who paid good wages, "consequently those returns would have been misleading. All the people who paid low wages would not have made returns. We have no compulsory powers to make them do so. Therefore any inquiry made subsequent to the order being presented would have been unsatisfactory"¹ (*ibid.*, p. 38).

Miss Collet said in describing the wage level in the laundry trade that the "rate per hour, less than $2\frac{1}{4}$ d., is almost as bad as you can get it. Since the Trade Boards have been applied, it is now the lowest paid non-textile trade of any magnitude" (H.C. 317, p. 30). When it was suggested that lower rates were paid in the hemp and fustian-cutting trades, Miss Collet's reply was, "Those trades . . . are little trades. I believe if we tackle the big national trades and raise the wages in those trades the other people will either be obliged to leave off trading or pay better wages." Moreover, it was pointed out that calendering was

¹ Miss Collet later explained in reply to questions that the 1906 returns were obtained by the Board of Trade for general statistical information and not for any special purpose; they were voluntary returns made by employers and had no reference to any special legislation. "When employers make a voluntary return from which they gain nothing they do it perfectly fairly and honestly . . . [but] after having proposed this provisional order we could not expect the employers who paid low wages to make returns" (H.C. 317, p. 52). It was also objected that the wage census of 1906 was not a universal census and that the returns were not sufficiently representative, but the Board of Trade maintained that the census was extremely reliable since it had not been taken "with the view of setting up any particular case" and that the returns for 28,000 laundry workers represented very fairly the prevailing condition in respect to wages in the laundry industry (*ibid.*, p. 168).

a branch of the trade "which is steadily increasing, which makes it more important that it should be dealt with" (*ibid.*, p. 37).

The question was raised as to whether the Board of Trade had to be satisfied, not only that the wages in a trade are exceptionally low, but that the other circumstances of the trade are such as to render the application of the act expedient. The reply of the Board of Trade representatives was that their guide in choosing trades to come under the act was "first and mainly the lowness of wages" (H.C. 209, p. 18).

Mr. Fitzgerald, counsel for the Board of Trade, said quite emphatically that when the Board of Trade is "satisfied that the wages are exceptionally low and the trade is suited for a Trade Board, then the order for the Trade Board may be made." When asked if it must not be true that "the trade is of such a character that it cannot organize itself to obtain its own remedy," the reply was, "One of the circumstances that would have to be considered is whether the workers are organized or not. In this particular business the workers are not organized, and you will see that it is rather difficult for laundry girls to organize themselves" (*ibid.*, p. 3; and see H.C. 317, p. 176).

In reply to a further objection raised by the laundry owners—that there was no demand on the part of the laundry workers for the protection which the Trade Board was designed to provide—Mr. Barnes said that he believed the workers in laundries to be "as badly organized as any workers in England"; that it seemed to him that "they have as little power of expressing their wishes as any body of workers." It was pointed out further by counsel for the Board of Trade that it was true that the laundry workers were not organized in an effective trade union, but that this was far from being an indication that they were content with the conditions of their employment, for general experience had shown that "the trades in which the worst conditions prevail are those that are not organized."

It was stated, moreover, that Parliament in passing the act had intended "to make the Board of Trade, so to speak, an inquirer into the state of wages and labour in the country independently altogether of whether an appeal had been made to them. If they consider a wrong exists or an unfair condition exists, they are entitled to establish an inquiry." For that reason it was said that the Board of Trade turned first of all to the statistics of wages which it already had and compared various rates to see which were the lowest. The fact that there had been no articulate demand did not indicate that a very strong demand was not in existence, and it was for the Board of Trade to

"find out where there ought to be a demand"—where there might be "an inarticulate sense of wrong which has not yet found voice or found representation," and it was noted that such demands "come principally from the underpaid and unorganized inarticulate trades" (H.C. 209, p. 22). And again Mr. Barnes said, "We do not wait for any application to be made to us, because we find that the least organized workers and the most badly paid are the least vocal; they have not any means of expressing themselves. They would never dream of asking for a Trade Board, because probably they have never heard of such a thing" (H.C. 317, p. 26).

When the question, "Who asked for this order?" was raised at the second hearing (in July, 1914), Miss Collet in a very spirited reply said that the order was asked for "by the Trade Boards act. The Trade Boards act says the Board of Trade may take the initiative . . . that it is incumbent on the Board of Trade without any action from outside, if the Board of Trade is perfectly well satisfied that exceptionally low rates are being paid to initiate proceedings" (H.C. 317, p. 38).

The question was raised at the second hearing (in 1914) as to whether the formation of the national federation of women workers had not given the laundry workers a representative association through which certain agreements were being settled for them. In reply Miss Collet said very emphatically, "however strong that association may be in getting an agreement at the moment from some of the employers it has no power to enforce the agreement and all the people who do not sign that agreement may come in and undercut, whereas the Trade Board sees that other people do not underpay" (H.C. 317, p. 38).

In reply to a question (H.C. 209, p. 21) as to whether a Trade Board would always raise wages, some interesting answers were received. The Board of Trade reply was very conservative. It was pointed out that when the Trade Boards were constituted, half employers and half workers, they met together to "fix what they think right after discussing round the table what the wages in the trade have been and what it will bear," but the result had been that wages had always been raised. It was asked whether this increase in wages might not be due to the fact that the Trade Boards had been organized in "the worst trades first of all . . . the most notoriously underpaid ones," and whether it might not be possible that a Trade Board might some time be "set up to examine into a trade and find that either the trade could not afford to pay any more, or that a rearrangement of wages was all that was necessary without an actual raising of the average." The reply to this inquiry

was that such a result was entirely possible and it was added that some of the present boards had "fixed a minimum a good deal below what is being paid by many employers in the trade already. . . . It is a case for workers and employers to meet together and discuss whether wages are right at the present figure or whether they ought to be raised and what ought to be the minimum rate" (*ibid.*, p. 22).

At the second hearing Mr. J. J. Mallon, a representative of the workers on several Trade Boards already established, testified that there had been "no case in which wages had been reduced [by Trade Boards]. The practice of the various boards has been to take a medium course, and the result has been that the worst-paid workers have been bettered to some extent without any corresponding injury being done to the better paid." He also said that experience had shown that the Trade Boards had fixed minimum rates below the best rates in the trade, without interfering with those best rates (H.C. 317, p. 74); that there had been cases in which the fixing of a minimum had also enabled the men who were getting the relatively high wages to secure still higher rates (*ibid.*, p. 75); and it was emphatically denied that there had been any tendency to a flat rate as the result of the establishment of the minimum rates.

Some interesting comments regarding the unpleasant implications of the word "sweating" are found in the evidence given at the first hearing. The laundry men in their petition against the order had expressly objected to applying the term "sweated trade" to the laundry industry, and the representatives of the Board of Trade had said in reply that the words "sweated trade" or "sweated industry" had not entered into the question. "The word is never used in the Act of Parliament and we do not wish to call any trade by a name of that kind" (H.C. 209, p. 21). "It is an opprobrious expression which we have no wish to apply to this branch of the industry" (*ibid.*, p. 21), and "the words 'sweated trade' have, perhaps one might say, an offensive meaning" (*ibid.*, p. 3). When counsel for the Board of Trade was asked to define the word "sweated," he declined to do so, and he expressly disclaimed the adoption or use of the word by the Board of Trade, saying that it did "not want to put any stigma upon (the laundry trade) at all, and it would not be reasonable to put any stigma upon any trade because the wages are exceptionally low" (*ibid.*, p. 4).

Much stress was laid by the laundry owners upon the factor of competition. This subject was dealt with at much length, particularly in the second hearing, but it is so largely concerned with

technical trade questions that a summary of the discussion is not practicable. One of the points much insisted upon by the laundry owners and not overlooked by the committee in its report was the fact that the new order did not apply to a trade nor even, the laundrymen claimed, to a branch of a trade, but only to a method of finishing certain articles. The representatives of the Board of Trade, however, argued that they were dealing with a complete section of the laundry industry covering all ironing operations performed by machinery, and their counsel charged that the point raised was a narrow technical objection "contrary to the spirit of the act" which, having been passed "for the purpose of benefiting a large class of His Majesty's subjects, is an act that ought to be construed liberally" (H.C. 317, p. 5).

It is certainly to be regretted that these first attempts to oppose a Trade Board provisional order should show a defeat for the Board of Trade on each hearing, especially as the argument on each occasion lay with them rather than with their opponents, the laundry owners. Representatives of the Board of Trade pointed out more than once that the argument against the provisional order was really in its last analysis "an argument against the Trade Boards act," and that many of the objections raised were really objections against any extension of the act in spite of the fact that Parliament had expressly provided for its extension. That is, the laundry owners in arguing that the trade could be better regulated by the ordinary requirements of supply and demand were in effect "saying that the Trade Boards act ought not to have been passed," whereas, by passing the act, Parliament had come "to the conclusion that in certain cases the ordinary laws of supply and demand were not sufficient to protect the workers" (H.C. 317, p. 8).

In conclusion, it may be said, that while it is discouraging that the laundry owners should have succeeded, not once, but twice, in defeating the efforts of the Board of Trade to bring a very large and wretchedly paid body of workers under the protection of the Trade Boards act, nevertheless the fact that four out of five new orders went through without any opposition, and even with friendly co-operation on the part of the employers in the trades concerned, affords reason to hope for the rapid extension of the act. Certainly it may be said that the minutes of evidence taken in these two hearings, one of which was held nearly five years after the passage of the act, contain valuable testimony as to the success of the minimum-wage policy in the trades to which the act has been extended.

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